

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6175

BILL NUMBER: HB 1359

NOTE PREPARED: Jan 11, 2012

BILL AMENDED:

SUBJECT: Sales Tax Holiday.

FIRST AUTHOR: Rep. Kubacki

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides a sales tax exemption for school instructional material that is purchased during the three day period from the third Friday in August through the following Sunday.

Effective Date: April 1, 2012 (retroactive).

Explanation of State Expenditures: This bill will increase the administrative costs of the Department of State Revenue (DOR). The DOR will have to amend the Sales Tax forms, as well as update computer software. It is estimated that the provisions of this bill can be implemented within the existing level of resources available to the DOR.

Explanation of State Revenues: This bill will reduce Sales Tax revenue by approximately \$6 M in FY 2013 and \$6.2 M in FY 2014. The bill provides a sales tax exemption for school instructional material that is purchased during the three day period from the third Friday in August through the following Sunday.

Sales Tax revenue is deposited in the state General Fund (99.848%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%). The table below illustrates the reduction in Sales Tax revenue that would be distributed to each of these funds.

| Fund | FY 2013 | FY 2014 |
|------------------------------|--------------------|--------------------|
| General Fund | \$5,975,226 | \$6,150,324 |
| Commuter Rail Service Fund | \$7,361 | \$7,576 |
| Industrial Rail Service Fund | \$1,735 | \$1,786 |
| TOTAL | \$5,982,587 | \$6,159,687 |

Explanation of Local Expenditures:

Explanation of Local Revenues: Local revenues would decrease to the extent that a local unit receives funds from the Commuter Rail Service Fund or the Industrial Rail Service Fund.

State Agencies Affected: DOR.

Local Agencies Affected:

Information Sources: National Retail Federation's *2007 Back-to-School Consumer Intentions and Actions Survey*; BIGresearch; Enrollment Statistics from the Indiana Commission on Higher Education; K-12 Private School Enrollment Statistics from the Indiana Department of Education.

Fiscal Analyst: Diana Agidi, 317-232-9867.